## step 2

## **Interview Tips – Itemized Deductions**

These interview tips will assist you in determining whether a taxpayer's itemized deductions are more than their standard deduction amount. It may be more advantageous for a taxpayer to itemize their deductions if the amount is larger than the allowable standard deduction amount.

Do you have expenses in the following categories: medical and dental expenses, taxes you paid, home mortgage interest you paid, mortgage insurance premiums you paid, gifts to charity, job expenses, and certain miscellaneous deductions?

**Note:** Casualty and theft losses and some miscellaneous deductions are beyond the scope of VITA/TCE.

If YES, go to Step 2.
If NO, generally speaking, you should take the standard deduction if eligible. For further explanation see exceptions in Publication 17, Standard Deduction chapter. Go to

Step 2.

Were the medical and dental expenses paid by an employer under a pre-tax plan (not included in box 1 of the customer's Form W-2) or were the expenses reimbursed by an insurance company?

If YES, you cannot deduct reimbursed expenses. Go to Step 4.

If **NO**, you can claim these expenses. Go to Step 3.

Were the medical and dental expenses more than 7.5% of your adjusted gross income?

**Note:** You can include medical and dental bills you paid for:

- Yourself and your spouse
- All dependents you claim on your return
- Your child whom you do not claim as a dependent because of the rules for children of divorced or separated parents
- Any person you could have claimed as a dependent on your return unless that person received \$3,650 or more of gross income or filed a joint return
- Any person you could have claimed as a dependent unless you, or your spouse if filing jointly, can be claimed as a dependent on someone else's 2010 return.

If YES, go to Step 4.

If **NO**, your medical and dental expenses must be more than 7.5% of your adjusted gross income to claim a medical expense deduction on Form 1040, Schedule A. Go to Step 4.

step 4

Were the following taxes you paid imposed on you: state, local or foreign income taxes, real or personal property taxes?

**Note:** This includes taxes paid on a qualifying new motor vehicle.

If YES, go to Step 5.
If NO, you cannot claim this expense as a deduction because you were not obligated to pay the taxes. Go to Step 6.

step

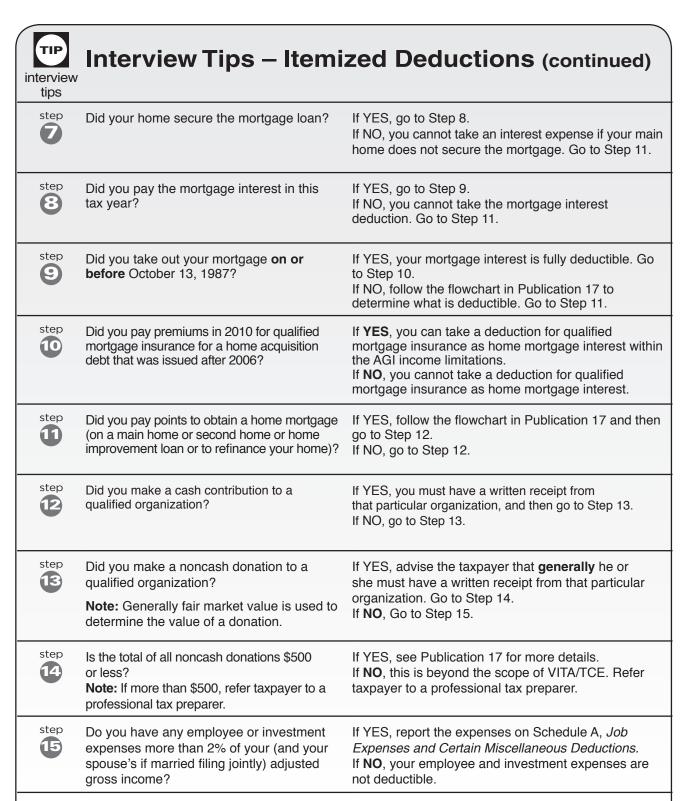
Did you pay these taxes during this tax year?

If YES, you can claim these expenses and go to Step 6.
If NO, you cannot deduct taxes for this year that were paid in another year. Go to Step 6.

step 6 Are you legally liable for the home mortgage loan?

If YES, go to Step 7.

If NO, you cannot take an interest expense for a mortgage for which you are not legally liable. Go to Step 12.



If the total itemized deduction is more than the standard deduction, carry the total to line 40 of Form 1040.